

JOURNAL OF COMMISSION WORK SESSION
May 21, 2024

City Commission Work Session
Civic Center, Gibson Room 212

Mayor Reeves presiding

CALL TO ORDER: 5:30 PM

CITY COMMISSION MEMBERS PRESENT: Cory Reeves, Joe McKenney, Rick Tryon and Shannon Wilson. Commissioner Susan Wolff was excused.

STAFF PRESENT: City Manager Greg Doyon and Deputy City Manager Chuck Anderson; City Attorney David Dennis and Deputy City Attorney Rachel Taylor; Finance Director Melissa Kinzler, Deputy Director Kirsten Wavra and Utility Manager Laura Lynch; Planning and Community Development Deputy Director Lonnie Hill; Public Works Director Chris Gaub; Information Technology Director Todd Feist; Library Director Susie McIntyre; Fire Chief Jeremy Jones; Police Chief Jeff Newton; and, Deputy City Clerk Darcy Dea.

PUBLIC COMMENT

None.







1. GREAT FALLS BUSINESS IMPROVEMENT DISTRICT UPDATE

Great Falls Business Improvement (BID)/Downtown Great Falls Association Executive Director Kellie Pierce reviewed and discussed the following PowerPoint:





<p style="text-align: center;">Great Falls Business Improvement District</p> <p style="text-align: center;">Who we are and what we do!</p> <div style="display: flex; justify-content: space-around; align-items: center;"></div>	<p style="text-align: center;">Mission & Vision</p> <p>The mission of the Great Falls Business Improvement District is to represent the unique interests of the businesses and property owners located in the district. The goal of the BID is to create an environment that is appealing to shoppers, office workers, residents, tourists, and new businesses and investors. Overall, the BID is responsible for downtown revitalization through economic development, real estate development, short and long range planning, grant program administration, and physical and environmental improvement programs.</p> 
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<h3>Business Improvement District Boundaries</h3> 	<h3>Downtown Master Plan Boundaries</h3> 
<h3>BID Assessment Formula</h3> <p>The assessment of the BID consists of the following:</p> <ul style="list-style-type: none"> ○ A flat fee of \$200.00 for each lot or parcel without a Land Use Code of 125, ○ A flat fee of \$50.00 for each lot or parcel with a designated Land Use Code of 125 which is a residential condominium, ○ An assessment of \$.00165 times the market valuation as provided by the Montana Department of Revenue, and ○ An assessment of \$.015 times the square footage of the land area. 	<h3>Services the BID offers</h3>  <ul style="list-style-type: none"> ● Interior Improvement Grant program ● Business Incentive Grant program (paying 1 months rent for new businesses) ● Public art programs and graffiti removal ● Coins for a Cause ● Bike rack programs ● Boulevard tree program ● Garbage and snow removal ● Holiday Decor and banners ● Flower baskets and sound system management ● Community Resource Ambassador program ● Pedlet (outdoor dining program) ● We have assisted with many Streetscape improvements and provided assistance with sidewalk grants.
<h3>A few BID projects and initiatives...</h3> 	<h3>Growing our boundaries</h3> <ul style="list-style-type: none"> ● Original boundaries set in 1989 with the formation of the BID ● Successfully expanded once in 2021 on to the 700 block of Central ● Unsuccessful expansion effort in 2023 to include the 800 block ● Expansion passes if a vote of 60.1% of property owners are in favor, and City Commission approves.
<h3>Downtown Partnerships</h3>  <p style="text-align: center;">Downtown Development Partnership (Accredited National Main Street Organization)</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Downtown Great Falls Assoc. (Promotion)</p> </div> <div style="text-align: center;"> <p>Great Falls BID (Design)</p> </div> <div style="text-align: center;"> <p>Great Falls Development Alliance (Economic Vitality)</p> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Safety Alliance TIF Programs/District Parking Commission Wayfinding Signage</p> </div> <div style="width: 45%;"> <p>Downtown Master Plan Transformation Strategy Revitalization Projects ArtsFest Montana/Traffic signal boxes</p> </div> </div>	<h3>Development projects - GFDA</h3> 

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<p>Kellie Pierce Executive Director - BID/DGFA 406-727-5430 318 Central Ave www.exploredowntowngf.com</p> <div style="display: flex; justify-content: space-around; align-items: center;"></div>	
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Ms. Pierce explained that the Commission had approved Tax Increment Finance (TIF) funding for the Downtown Business Development officer position through the Great Falls Development Alliance. The position was instrumental with regard to ensuring that downtown businesses were receiving the support that they needed.

Mayor Reeves received clarification that the BID wants to reevaluate its boundaries to see how it can expand boundaries without making it look piecemealed.

Commissioner McKenney inquired about the BID renewal process and the downtown housing needs.

Ms. Pierce responded that the renewal process is every 10 years and it must pass with 60.1% of the entire district in order to renew. Expanding would include any new properties that the BID wanted to include. The BID prefers to look at expansion in smaller portions outside of renewal to guarantee that it can continue to exist. The renewal process is advertised through newsletters, annual reports and maintained relationships. The BID currently has a grant through the Montana Mainstream Program for a market analysis of downtown housing needs.

Commissioner Tryon received clarification that a Great Falls Development Authority study indicated that we are 600 units a year short and there is an opportunity to bring in more downtown housing. BID Board members would determine areas for expansion and consider properties interested in being involved in downtown. The BID takes into consideration the current economy and property tax when setting its budget and it is an assessment and not a tax.


Commissioner Wilson expressed concern about an organization that does not bring in money that is not a business and one-ways.

Ms. Pierce responded that the BID is just looking at starting conversations to what the community desires and it wants to make sure that what it is doing benefits everybody involved. One-ways will be a project in the BID's FY25 work plan to begin the conversation about converting one-ways. One-ways move traffic fast through areas creating safety concerns, prohibit business and the Montana Department of Transportation (MDT) controls several of them. It would be a slow progression and is something that needs to be considered as the City starts growing and seeing more business downtown.

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2. UTILITY BILLING POLICY CHANGE REGARDING TENANTS

Finance Director Melissa Kinzler reviewed and discussed the following PowerPoint:

 <h2 style="text-align: center;">Change in the City's Utility Billing Policy in Regards to Tenants</h2> <hr/> <p style="text-align: center;">May 21, 2024 Work Session</p> <p style="text-align: center;">1</p>	<h2 style="text-align: center;">Current Policy and Process</h2> <hr/> <ul style="list-style-type: none">• A property owner is responsible for payment of utility charges• As a courtesy, the City currently lists and bills utility accounts in the name of tenants through a "Request to Bill Tenant" form• Cumbersome and time consuming process• 2,855 accounts (8% of customers)• Takes over 60% of the work• The new Federal Lead and Copper rules caused staff to evaluate current policy and process <p style="text-align: center;">2</p>
<h2 style="text-align: center;">Updated Policy and Process</h2> <hr/> <ul style="list-style-type: none">• Phase out the courtesy of placing tenants on the utility accounts<ul style="list-style-type: none">• Allows the City to only notify the Property Owners under the Federal Lead and Copper rule in the future• Not each change in tenant• Removes the City from most Property Owner/Tenant issues• Less work involved for both Finance and Public Works Departments<ul style="list-style-type: none">• No longer need to process tenant forms, track delinquent tenant accounts, or do final tenant meter reads <p style="text-align: center;">3</p>	

Mayor Reeves received clarification that utility bills for tenants in a fourplex would be in the name of the property owner.

Commissioner Tryon received clarification that property owners of fourplexes would receive four different utility bills and could either pay the bill and add it to a tenant's rent or forward the bill to a tenant to pay.

Finance Director Kinzler explained that the Finance Department stopped doing final bills on tenants in 2014 because the software could not do that.

Commissioner Tryon recommended that the Finance Department provide lead-time and outreach to the Landlord-Tenant Associations to explain the process of the new policy.

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Commissioner McKenney received clarification that the City has not done any outreach to landlords, property owners and property managers yet; however, a letter will be sent informing identified tenants about the process change. Implementing the new process will be June 1, 2024. Commissioner McKenney highly recommended an outreach effort as soon as possible to inform the private sector and Landlord-Tenant Associations about the new process.

Mayor Reeves received clarification that according to state statute, any lienable utility is ultimately the property owner’s responsibility.

It was the consensus of the Commission to have City staff begin educating the community and Landlord-Tenant Associations right away about the new process.

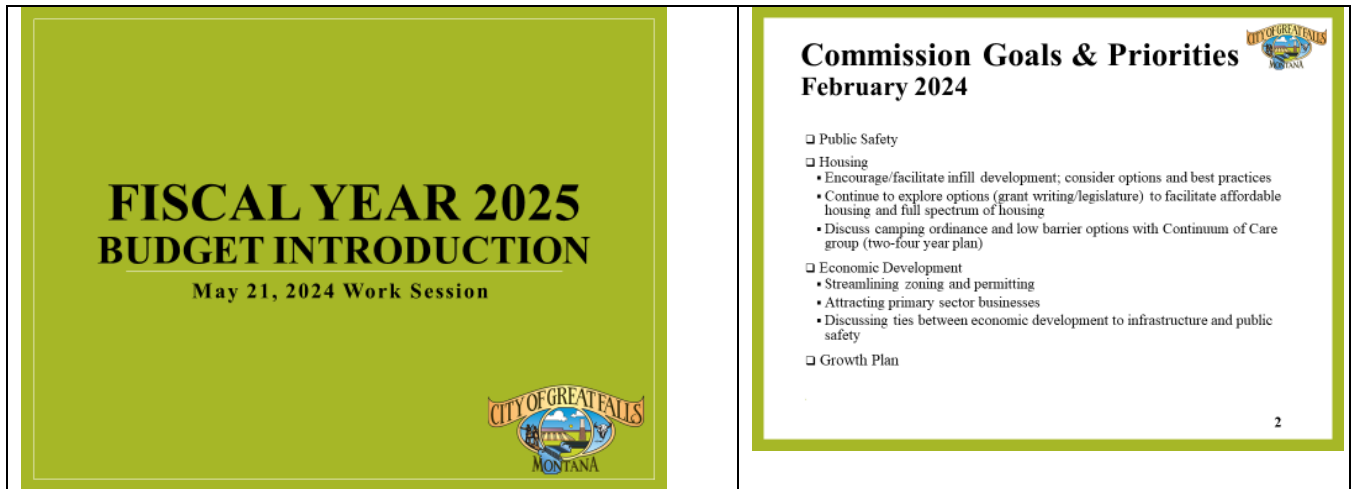
City Manager Greg Doyon responded that City staff would start the notification procedure and meet with those groups as soon as they can.

Finance Director Kinzler noted that online payments would be disabled after May 21, 2024 while Paymentus is integrated with New World.

3. FISCAL YEAR 2025 BUDGET INTRODUCTION

City Manager Greg Doyon commented that people are noticing the changes to downtown and the efforts from the BID are paying off.

Finance Director Melissa Kinzler and City Manager Doyon reviewed and discussed the following PowerPoint:



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FY 2025 Tentative Budget Process



January/ February	<ul style="list-style-type: none"> Commission Goals/Priorities Retreat
April	<ul style="list-style-type: none"> Departments begin developing requested budgets
May	<ul style="list-style-type: none"> Departments submit final budget requests
June	<ul style="list-style-type: none"> Meetings between City Manager and Departments on requested budgets Proposed budget is balanced and finalized General Fund Proposed Budget presented at Work Session – 6/18/24 Additional Proposed Budget meetings?
July	<ul style="list-style-type: none"> Proposed Budget presented at Work Session – 7/2/24 Set the Public Hearing – 7/2/24 Public Hearing – 7/16/24
August	<ul style="list-style-type: none"> Certified Taxable Values received from MT Department of Revenue Adopt annual tax levies – 8/20/24
September	<ul style="list-style-type: none"> Preparation of final budget document

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A Look Back at FY 2024 Budget Drivers



- Undesignated Fund Balance Management
 - General Fund below 22% recommended minimum policy
- Covid Recovery
- Legislative Session?
- Electricity Costs
 - 200% increase City-wide
- Union Negotiations
 - Currently happening, may need to estimate for budget
- Health Insurance
 - Preliminary 8% increase to City
- Cops Grant
 - \$74,000 additional to be covered by General Fund in FY2024
- Additional support staff in Legal Department

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FY 2025 Budget Drivers



- Cover adopted CBA's salary increases and merit increases
- Health Insurance
 - 12% increase to City
- Cops Grant
 - Grant complete, no additional funding
- 2nd Municipal Judge moved from ½ year to full year
- Electricity Supply Costs
 - 17% decrease City-wide starting November 1, 2024
- Workers Compensation
 - Estimated 43% decrease, over \$390,000 savings
- Tax Appeal
- Undesignated Fund Balance Management
 - General Fund 22% recommended minimum policy
- Additional cost of new space for Court
- Scheels Aim High Big Sky Recreation Center

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General Fund 4-Year History



General Fund	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Adopted Budget
Total Revenues	\$ 33,973,714	\$ 34,001,701	\$ 36,143,514	\$ 37,973,437
Total Expenses	\$ 34,526,216	\$ 35,302,147	\$ 37,205,207	\$ 38,971,501
Revenues Over (Under) Expenses	\$ (552,502)	\$ (1,300,446)	\$ (1,061,693)	\$ (998,064)

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General Fund Revenue Increases



General Fund Revenue Segment	FY2022 Actual Increases	FY2023 Actual Increases	FY2024 Actual Increases	FY2025 Available Increases
Newly Taxable Property	\$ 366,758	\$ 352,303	\$ 1,510,213 Protested (\$1,093,591)	\$ 400,000 Amount not known until August
Inflationary Factor	\$ 0	\$ 641,691 Used carry-over mills from prior 2 years	\$ 446,080	\$ 562,520
Permissive Medical Levy	\$ 0	\$ 247,551	\$ 353,043	\$ 300,000 Estimate
Entitlement Share	\$ 130,271	\$ 294,004	\$ 311,446	\$ 319,522
Total Revenue Increase	\$ 497,029	\$ 1,535,549	\$ 2,620,782	\$ 1,582,042

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Update on Tax Increment Districts




District	Lifespan of District	Base Taxable Value	Current Taxable Value	Annual Increment	Debt Issued
Central MT Agri-Tech Park / International Malting Plant	2005 - 2040	\$347,618	\$1,270,871	\$600,000	\$1,500,000 bonds issued
West Bank Urban Renewal	2007 - 2040	\$292,536	\$1,818,850	\$975,000	\$4,055,000 bonds issued
Great Falls International Airport	2008 - 2038	\$107,149	\$403,776	\$190,000	\$645,000 bonds issued
East Industrial Park	2013 - 2028	\$232	\$615,631	\$420,000	No bonds issued
Great Falls Downtown Urban Renewal	2012 - 2040	\$3,643,698	\$5,850,723	\$2,000,000	\$5,995,000 bonds issued

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Upcoming Budget Process



- **Week of June 3rd**
 - Departments present requested budgets to City Manager
- **Week of June 18th**
 - City Manager transmits Proposed Budget to Commission at Work Session
- **End of Week of June 26th, Additional Budget Work Sessions?**
- **July 2th – Commission Action**
 - Commission sets public hearing for July 18th
- **July 16th – Commission Action**
 - Public Hearing and Adopt or Continue Budget
- **August 20th – Commission Action**
 - Adopt Annual Tax Levy

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Finance Director Kinzler explained that a new building might not have an actual taxable value that would help the general fund because it could be a non-profit, in a tax increment or have a tax abatement on it.

City Manager Doyon added that relying on residential property taxes is difficult because the way it is classified and adopted by the state legislature to what the actual value is. In order to have a healthy tax base, there needs to be a mix of heavy and light industrial, commercial, business and residential to have it all balance out.

Commissioner Tryon received clarification that each department will provide above and beyond requests with its highest priorities and budget drivers and inflation cause issues with the general fund.

Commissioner McKenney commented that the general fund increased every year because the City is not keeping up with inflation and the general fund declined 9% in inflation-adjusted dollars. State Law unintended consequences is defunding public safety.

Finance Director Kinzler responded that property taxes do not fund fire and police in total and the City has to use entitlement in other revenue to fund public safety.

Commissioner Wilson received clarification that the City has some CARES money to offset some of the deficits this year; however, it will no longer be separated out in the fund balance and the City is at the end to being able to use it.

DISCUSSION OF POTENTIAL UPCOMING WORK SESSION TOPICS

City Manager Greg Doyon reported that the process to potentially retiring TIF Districts to help generate revenues will be a topic at an upcoming work session. A land swap proposal, lead service line inventory and update, and an update on Scheels Aim High Big Sky will be topics for the June 4, 2024 work session.

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Mayor Reeves requested that City Manager Doyon have staff look into the process of annexing county parcels throughout the City.

ADJOURN

There being no further discussion, Mayor Reeves adjourned the informal work session of May 21, 2024 at 6:50 p.m.